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RUEHBO/AMEMBASSY BOGOTA 3342
RUEHBR/AMEMBASSY BRASILIA 7192
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RUEHCV/AMEMBASSY CARACAS 1730
RUEHPE/AMEMBASSY LIMA 1745
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STATE FOR WHA/AND LPETRONI
STATE PASS TO USTR FOR BHARMAN
COMMERCE FOR JANGLIN
TREASURY FOR SGOOCH

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SUBJECT: GOB URGES "CREATIVE" APPROACH TO BILATERAL TRADE

REF: LA PAZ 2069

¶1. (SBU) Summary: GOB trade officials expressed satisfaction August 1 with Vice President Garcia Linera's trip to Washington (reftel), which provided an opportunity to lobby for an extension of the Andean Trade Promotion and Drug Eradication Act (ATPDEA). They noted the GOB's interest in negotiating a long-term trade agreement but said it would be "irresponsible" to start talks during Bolivia's Constituent Assembly, since delegates would make decisions on key trade-related issues. Both officials urged a "creative" approach and in that vein promised to deliver a Bolivian proposal within 10 days, noting that the failure to win an ATPDEA extension or sign a comprehensive trade agreement could harm the bilateral relationship. End summary.

¶2. (SBU) In an August 1 meeting with the DCM, Vice Minister of Economic Relations and Foreign Trade Maria Luisa Ramos and Trade Advisor Pablo Solon expressed satisfaction with Vice President Garcia Linera's recent trip to Washington (reftel), which provided an opportunity to urge U.S. executive and legislative branch officials to extend the Andean Trade Promotion and Drug Eradication Act (ATPDEA) beyond its December 31 expiration. Ramos remarked that she and other GOB officials knew it would be difficult to secure an extension but said they were pleased that Bolivia was allowed to make its case.

¶3. (SBU) In response to the DCM's inquiry about the GOB's attitude toward a long-term trade agreement, both Ramos and Solon noted the government's interest in negotiating a comprehensive pact but said it would be "totally irresponsible" to start talks during Bolivia's Constituent Assembly, which will convene August 6 and may continue until mid-2007. Solon said delegates would make decisions on key trade-related issues, including performance requirements, investor/state disputes, and intellectual property rights, and said the GOB could not negotiate knowing that Constituent Assembly decisions could materially affect the provisions of a long-term pact. Solon acknowledged that Bolivia would join

EU association agreement negotiations with other Andean Community members in January 2007, while the Constituent Assembly is likely still in session, but emphasized that discussions would continue for at least two years and would end after Constituent Assembly delegates settled important domestic debates.

¶4. (SBU) Both Ramos and Solon urged a "creative" approach to two-way trade, noting that the failure to win an ATPDEA extension or sign a comprehensive trade agreement could harm the bilateral relationship. Solon said he believed certain U.S. officials might be more flexible than others in working out the details of a trade pact and expressed hope that Bolivia and the United States could find common ground. He mentioned that the GOB was developing an ATPDEA/trade proposal and suggested Embassy and GOB officials meet informally to discuss. Solon acknowledged, however, that it might be impossible to reach agreement; in that case, he said, the GOB would probably not "fight" for a pact, as administration officials believed they could compensate Bolivian exporters for the estimated \$15 million tariffs they would face if both ATPDEA and GSP trade preferences expired. Solon estimated tariffs of \$8 million if GSP but not ATPDEA were renewed.

¶5. (SBU) Comment: Ramos and Solon seemed reluctant to abandon hope for an ATPDEA extension. We will continue to urge the GOB to look beyond an ATPDEA extension to a long-term trade agreement, with the U.S.-Peru pact as a model, but unless a "creative" solution is found, discussions may yield few concrete results. End comment.
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